

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 1580, GPO
Brooklyn, NY 11202

Date: APR 22 1993

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] in the State of [REDACTED]. The purpose of the organization is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of [REDACTED].

The goals of the organization are as follows:

- 1) To establish a forum attuned to the interests of users.
- 2) To promote dialogue and knowledge exchange among the users and between the users and the [REDACTED].
- 3) To ensure that members are satisfied with the level of service and responsiveness of the [REDACTED].
- 4) To convey to the [REDACTED], verbally and in writing, the long term goals and needs of its American Users.
- 5) To enable members to participate in the evolution of [REDACTED] services.
- 6) To help users take maximum advantage of services offered by the [REDACTED] through dissemination of information about those services.
- 7) To provide a vehicle for the establishment of programs of value to the membership.

Membership in the organization is limited to U.S. based multinational corporations who have signed with the [REDACTED] for digital trans Atlantic telecommunications services.

The [REDACTED], now called [REDACTED] is owned by the [REDACTED] government, however it is financially independent, and as such, is a profit making company.

The activities of the organization consist of membership meetings. The members may choose a list of questions and issues for [REDACTED] to address at the next meeting. Members may also request from [REDACTED], presentations on various topics or services deemed of interest.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 58-294, 1958-1 C.B. 244 an association was organized and operated for the purpose of promoting uniform business, advertising and fair trade practices in connection with the manufacture and sale of a certain patented product. Membership in the association was limited to any person, firm, or corporation licensed to manufacture and sell the specified product. It was held that since the association was engaged in furthering the business interests of the dealers in the particular patented product, rather than the improvement of business conditions of one or more lines of business, it does not qualify for exemption from Federal income tax as a business league under section 501(c)(6) of the Code.

In Revenue Ruling 68-182, 1968-1 C.B. 263 it is held that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

Revenue Ruling 83-164, 1983-2 C.B. 95 states that an organization whose members represent diversified businesses that own, rent, or lease computers produced by a single computer manufacturer does not qualify for exemption from federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code.

Revenue Ruling 74-147, 1974-1 C.B. 138 states that a nonprofit organization, whose members represent diversified businesses that own, rent, or lease digital computers produced by various manufacturers, organized to improve the efficiency of its members use of computers, qualifies for exemption under section 501(c)(6) of the Internal Revenue Code.

Like the organizations described in Revenue Rulings 83-184 and 58-182, the activities of the applicant organization enhance the products and services of [REDACTED] and is promoting a single product. However, the applicant is unlike the organization described in Revenue Ruling 74-147, which was formed to improve the efficiency of the computer industry as a whole.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

[REDACTED]

District Director

Enclosure: Publication 892